

**LMI Advisory Group
Quarterly Meeting**

**Minutes
March 9, 2005
LMID Conference Room**

Please send any corrections to Bonnie Graybill by May 23, 2005. Thanks

Attendees:

Shayn Anderson, EDD, Marketing and Constituent Services
Nelson Anthoine, North Central Counties Consortium
Stacey Baker, EDD, Marketing and Constituent Services
Dan Blake, CSU, Northridge
Nancy Carlton, CSU, Sacramento (Career Counseling)
Charlsey Cartwright, California Career Resource Network
Ryan Clark, California Postsecondary Education Commission
Peter Cooper, CA Labor Federation
Samantha Ha, California Career Resource Network
Rick Haglund, Bureau of Labor Statistics, SF
Marla Harper, EDD, Job Service
Laura Harris, California Employer Advisory Council
Richard Holden, Regional Administrator, Bureau of Labor Statistics, SF Region
Ray MacDonald, City of San Jose Workforce Investment Board
Janet Maglinte, Labor and Workforce Development Agency
Chuck McGee, C. McGee & Associates
Jerry Nolan, EDD, Information Technology Branch
Beverly Odom, California Workforce Investment Board
Tim Rainey, CA Labor Federation
Dennis Reid, Bureau of Labor Statistics, SF Region
Chris Roselund, Bureau of Labor Statistics, SF Region
Sonja Schultz, Bureau of Labor Statistics, SF Region
Julian Velarde, California Postsecondary Education Commission
Barbara Ward, Bureau of Private Postsecondary Vocational Education
Stacy Wilson, California Postsecondary Education Commission
Chuck Wisely, Chancellor's Office, California Community Colleges

LMID Staff:

Bonnie Graybill, Larry Clark, Phil Hardiman, Carl Hedlind, Senita Robinson, Fran Styron, Paul Wessen

Facilitator: Bonnie Graybill

Recorder: Ana Bouza, and Jim Banks

Introductions

Larry Clark, LMID Deputy Division Chief was introduced as the newest member of the LMID Management Team. Larry addressed the Group and noted that even though it was only his third day on the job, he was impressed by the scope and breadth of the program, the professionalism of staff and the divisional focus on customer service.

Roundtable introductions were made.

Tim Taormina and John Billington were out of town on business and were not available to welcome the group. However, Bonnie and Larry passed along their regards as well.

Bonnie addressed the following items:

- Introduction of new members – Welcome!
- 10th year anniversary of the LMI Advisory Group.
- Presented a “draft” version of the LMInfo Web Site Marketing Brochure (recommendations and/or comments were welcome during the meeting or could be delivered via e-mail to Bonnie).
- Minutes of the previous meeting were reviewed and passed without additional comments.

Review of Workforce Information Grant Activities:

Bonnie provided a summary of accomplishments under this year's ETA Funded Workforce Information Grant, the purpose of which is to produce core LMI products. Request for ideas from the Group in planning for the next year's grant proposal.

The following recommendations were made:

- Small Business Development Center in Los Angeles was seeking data on the number of small businesses by size, sector and employees. This could possibly assist in enhancing funding by the Small Business Administration. Bonnie and Nancy Gemignani provided an overview of the Size of Firm Report which is available on-line.
- Licensing information would be more useful in an excel spreadsheet, including a link to the licensing entity.
- Ability to access data by counties (multiple) compiled by different areas (region/counties//industry/size).
- County profiles in real time access. The Snapshots in the LMInfo Web Site were designed to be an “at-a-glance” information with links including a PDF version.

Action Item: Nancy and Bonnie to send a link to the Advisory Group of the Size of Firm Report and provide contact information on the LMID GIS unit for the

feasibility of data manipulation and/or mapping functions. (Dan Blake subsequently noted the links to this information addressed the SBDC's needs.)

Select Careers Program

Fran Styron, Manager of the Local Occupational Information Group demonstrated the newly developed Select Careers on-line products and requested feedback. The Advisory Group was provided with handouts that listed the 25 occupations to be covered this year, a list of geographic areas for the Select Careers program for 2005, and a sample Select Careers report for Dental Assistant. The following comments were provided:

- Job Outlook Page -- Employer responses to hiring expectations for the next 12 months (grow, remain stable, or decline) do not include new employers that might open a business in the area and hire workers in this occupation. Fran indicated that Projections data included on the Job Outlook Page accounts for new businesses and hiring of new employees.
- Wages and Benefits Page – The use of median wage was questioned. Fran explained that the low wage figure represents the 25th percentile, the median wage represents the 50th percentile, and the high wage represents the 75th percentile.
- Education and Training Page – The recommendation was made to link to apprenticeship information, particularly for construction trades occupations.
- Overall the Advisory Group was very complimentary of the product and indicated that it will be a valuable tool.

The Select Careers reports will begin to be posted on the Web within a month, and the 25 Select Careers reports for 2005 are targeted to be completed and on-line in September 2005.

Action Item: Notify the Advisory Group via e-mail or the LMI E-newsletter or LMInfo when the products are on-line.

Career Development Guidelines/California Career Zone

Charlsey Cartwright, Executive Director of the California Career Resource Network (CalCRN) made a presentation on National Career Development Guidelines (handout) and a draft (handout) of the Managing Life, Learning and Work in the 21st Century, prepared by Charlsey, with the assistance of Nancy Carlton, and input from Career "Gurus" H. B. Gelatt and Phil Jarvis. Her overview cited the importance in acknowledging competencies in "life time changes" for career exploration in the areas of life skills, such as attitude, adaptability to change, relationships and career development including maintaining a "positive disposition, self-confidence and to objectively measure those areas for success in the world of work. She requested comments on the working paper. Comments can be e-mailed to Bonnie or directly to calcrn@cwo.com.

CACareerZone Presentation

Samantha Ha, CalCRN provided a demonstration of the CACareerZone Web Site that was modeled after the New York Career Zone. See www.cacareerzone.org. The product is at the "Previewing Phase" and designed to be attractive to middle school students. The Advisory Group's feedback would be invaluable. Comments can be e-mailed to Bonnie or directly Calcrn@cwo.com.

Break for lunch

Economic Update

Presented by Paul Wessen

U.S. Economy

Positive Outlook:

- U.S. economy is currently moving along at a good pace.
- Gross Domestic Product (GDP) has exceeded 3.0% in the past 7 quarters.
- U.S. GDP attained 4.4% in 2004, which is close to a 20 year high.
- U.S. payrolls grew by 262,000 jobs in February, marking the 21st consecutive month of non-farm payroll growth.
- In 2004, U.S. Economy has added nearly 2.4 million jobs.
- Average pace of 198,000-job growth per month should sustain expansion of labor force.
- Wall Street optimists are pleased to view GDP data indicating the economy has found a sustainable growth pace of 3.5 to 4.0 %.
- Jobs data indicate that this rate of economic growth is sufficient to lower unemployment, raise incomes, and sustain spending.
- Businesses are now yielding favorable profit levels to initiate business-led expansion.

Negative Viewpoints:

California Department of Finance (DOF):

- Indicates 2004 is a peak year for the U.S. economy and will cool down in the next 2 years.
- Forecasting GDP growth of 3.3% in 2005 and 3.0% in 2006.

- Projected decline due to a combination of:
 - Rising interest rates that will dampen consumer spending.
 - The expiration of bonus depreciation policies that will slow capital investment.
 - Residential construction will no longer stay at the same pace.
 - U.S. government has no more room to stimulate the economy with fiscal policies such as tax cuts.

The UCLA Anderson School:

- More pessimistic than DOF, with GDP growth forecast of 3.1% in 2005 and 2.5% in 2006.
- UCLA indicates a growing likelihood of a consumer-led recession.
- Current economic expansion is now 13 quarters old and only four post-WWII expansions were greater than 20 quarters with the aide of extraordinary events. No such economic stimulus appears to be on the horizon.
- Rising interest rates threaten to choke off consumer spending and burst the housing bubble.
- Asian countries, notably China and Japan, are currently financing the U.S. current accounts and trade deficits. Should these investments shift elsewhere, then interest rates in the U.S. would certainly spike.

California Economy

Showing signs of strength:

- Personal income is rising and taxable sales are up.
- Legislative Analyst's Office (LAO) indicates State budget crisis may be manageable.
- From Jul-03 to Jan-05, California economy added 302,300 jobs.
- Benchmarked data shows 114,700-job gain in July-04, largest one month gain since Jan-90.
- California grew by 2.1% from Jul-03 to Jan-05, which tracks with the national growth rate.
- Eight industry sectors showed year-over job gains in Jan-05, with only three showing losses. Five CA. industries had more relative job over the year growth than national counterparts.
- Southern California Region displayed strongest year over growth of 1.1% in Jan-05, which tracks with population growth.

Area Unemployment Rates:

- 26 California areas had higher unemployment rates in Dec-04 using a new unemployment estimation model.

- 18 areas saw their unemployment rate increase by 0.5 percentage point or more.
- 30 areas had lower unemployment rates with 12 decreasing by 2% or more.
- Agriculture areas showed greatest decreases with changes of 2% to 4%.

Local Area Unemployment Statistics (LAUS) Redesign/New MSA Structure

Presented by Dennis Reid, BLS

Current Unemployment Measurement:

- National data utilizes Current Population Survey (CPS) of 60,000 households by Census Bureau.
- All sub-national data involves a cooperative Federal /State program using model-based estimation.
- 2005 marks the implementation of the most significant LAUS program redesign in 30 years.

Current Model Limitations:

- Large annual benchmark revisions occurred in many states each year.
- Model tended to overestimate employment and underestimate unemployment and rate.
- Annual benchmark caused December-January discontinuities.
- Sum of states did not equal national total. Normally higher than national rate.
- Shocks to the economy were not captured.
- Lack of reliability or confidence measures.

Statewide Estimates Changes:

- Improved bi-variate models for all states with monthly error measurement available.
- Real-time benchmarking to the CPS conducted every month. This will reduce year-end revisions, eliminate Dec/Jan discontinuities, and reflect shocks in the economy. Also improves over the year comparisons.
- Model-based estimates developed for the nine Census Divisions that are controlled to the nation.
- Model-based estimates developed for the States are controlled to the Census Division on a pro-rata basis.

Sub-state LAUS Methodology:

- Employment inputs include non-farm employment from the Current Employment Statistics (CES) program and unemployment inputs include UI claims that may not give the total picture.

- Both require some adjustments. CES is by place of work and LAUS is by place of residence. Need to estimate aspiring workers entering and re-entering the Labor Force.
- Place of work residency adjustment now includes Dynamic Residency Ratio (DRR) that accounts for groups of 100 people or more commuting to nearby counties for work.
- New and Re-entrant Unemployment estimation uses an economic model to estimate statewide totals, while statewide unemployed are distributed to sub-state areas.
- Disaggregation below county level currently involves two methods:
 - Census share – ratio of city to county at last census, static for 10 years.
 - Claims-population method – preferred method, uses annual population and current UI claims. Requires claims data by city of residence.
 - 2005 – Strong push to convert to claims-population method. States not converting (including California) have data footnoted.

New MSA Structure

Geographic Changes:

New Area Types -

- Micropolitan statistical areas: At least one urban cluster with a population between 10,000 and 50,000, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
- Metropolitan Division: A metropolitan statistical area containing a single core with a population of 2.5 million or more may be subdivided to form smaller groupings of counties, referred to as Metropolitan Divisions.
- Combined Statistical Area: May comprise any combination of metropolitan statistical areas and micropolitan statistical areas.
- NECTA equivalents in New England: New England City and Town Areas.

Changes to Existing Area Types –

- Metropolitan Statistical Area:
 - Areas that have one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
 - Many areas have been redefined and/or changed titles.
 - Some additional areas: from 337 to 375 nationally and 17 to 28 in California.
 - Some deletions occurred nationally.

- Small Labor Market Area (SLMA):
 - Defined and designated by BLS.
 - No population criteria applied (less than 10,000).
 - Additivity requires that no county be left behind.
 - Counties not in micros or metros are in SLMA's.

Wrap Up/Closing Comments/Next Agenda—

Meeting Evaluation:

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Great information

Cold sodas in the afternoon?

Well organized

Meeting moved quickly

Good questions from the audience

Next meeting:

Wednesday, June 29, 2005

Draft Agenda:

Workforce Investment Act update: Reauthorization, Two Year Plan

Update on Local Economic Dynamics GIS product

Manufacturing Careers

Select Careers—survey, methodology and sampling

LaborMarketInfo Web Site usage, customer satisfaction ratings

Employment Projections Methods:

After the meeting's end, the diehards remained for a briefing (as requested at the last meeting) on the Projections process—methods and models. Carl Hedlind, Projections Unit manager, and his staff described the process and demonstrated use of the ALMIS Projections Consortium's projections software. We made it through the industry projections process, to the satisfaction of the attendees, and will schedule a second session to cover the occupational projections process.